97-84144-7

U.S. Interstate Commerce Commission

Before the Interstate commerce commission

[S.l.]

[1920]

97-84144-7
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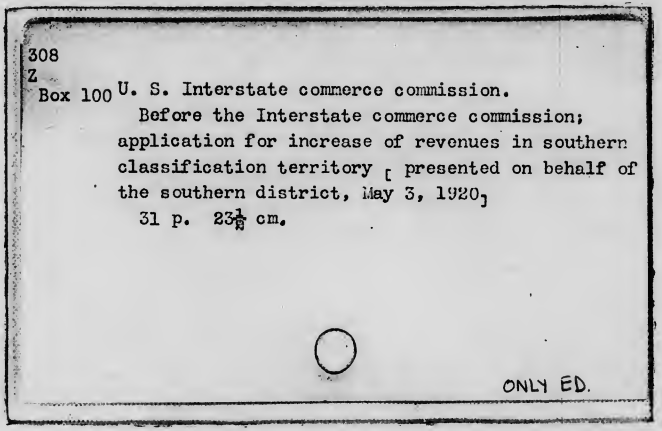

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BEFORE THE

Interstate Commerce Commission

APPLICATION FOR INCREASE OF REVENUES IN SOUTHERN CLASSIFICATION TERRITORY

Presented on Behalf of the
SOUTHERN DISTRICT
May 3, 1920

BEFORE THE

Interstate Commerce Commission

APPLICATION FOR INCREASE OF REVENUES

IN

Southern Classification Territory

BEFORE THE INTERSTATE COMMERCE COMMISSION

Application for Increase of Revenues in Southern Classification Territory

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To the Interstate Commerce Commission:

1. This application is filed on behalf of all common carriers subject to the Interstate Commerce Act, transporting freight and passengers and operating in Southern Classification Territory, who will hereafter, for brevity, be referred to as "The carriers."

2. The purpose of this application is to call to the attention of the Commission the need of the carriers for an increase of revenue, and to suggest to the Commission the advisability and desirability of giving prompt consideration of these needs, with a view to so adjusting the rates and charges as to permit the carriers to earn such revenue as is provided by law, and as is commensurate with their requirements, in order to make them efficient transportation agencies.

3. The territory, commonly known as the Southern Classification Territory, embraces that section of the United States lying west of the Atlantic Ocean; south of the main line of the Norfolk & Western Railway from Norfolk, Va., to Kenova, W. Va., thence south of

the Chesapeake & Ohio Railway to Cincinnati, and thence south of the Ohio River to Cairo, Ill.; thence east of the Mississippi River to New Orleans, La., and the mouth of the Mississippi River; and north of the Gulf of Mexico from the Mississippi River to the Atlantic Ocean; including also those portions of the Southern Railway, Louisville & Nashville Railroad, Mobile & Ohio Railroad, Atlantic Coast Line Railroad and Seaboard Air Line Railway extending north of the northern boundary and excluding that portion of the Virginian Railway extending south of the northern boundary. The group so described and known as Southern Classification Territory constitutes a well-defined rate territory. The greater number of the railroads operating in this territory have their total mileage within the limits of the group. The Commission has, in numerous cases, recognized that Southern Classification Territory constitutes a separate group of railways having a rate structure different from that which prevails in other parts of the country, and with transportation, traffic and commercial conditions and problems which are peculiar thereto.

4. The carriers respectfully represent that they are now operating under rates for transportation of freight and passengers which were in effect on the 29th day of February, 1920, at the end of the period of Federal control. These rates do not yield to the carriers sufficient revenue to pay an appreciable return on their investment over and above operating expenses, and, indeed, many of the carriers are not now earning their operating expenses. Owing to the tremendous increase in the cost of operation, which increase has not been

accompanied by a corresponding increase in rates of transportation, these carriers will sustain exceedingly heavy losses unless their rates are substantially advanced. Most of the carriers are now operating under the Government guaranty which will expire on September 1, 1920, after which, it is obvious that they cannot continue as efficient transportation agencies unless there is a substantial increase in revenue. It is of the greatest importance that such action should be taken by the Commission as will insure such an increase to become effective as soon as possible.

5. For the calendar year 1919, the Class I roads in the Southern Region earned only 49.253% of their standard return, the standard return being for those roads $91,115,467, while the net Federal income earned was only $44,876,819. The carriers are now confronted not only with the increased basis of expenses under which they operated during 1919, but with still further increases resulting from advanced fuel costs, cost of material, wage scales already effective, and other costs. Comparing the actual results for the calendar year 1919 with those for the year 1916 for Class I roads in the Southern group it will be found that, while total railway operating revenues increased $234,656,887, or 58.87%, operating expenses increased $294,492,274, or 110.88%, and net railway operating income decreased $76,026,522, or 62.88%; and that while the operating ratio for 1916 was 66.63%, for 1919 it was 88.44%. It will be noted that this makes no allowance for increased taxes during said period.

6. The bases of operating expenses in effect in 1919

do not fully reflect the expenses now confronting the carriers, among other reasons because increases in fuel costs and wage scales, as well as in costs of material, reflected in the expenses for 1919 were not in effect throughout that year, but became effective at various dates therein, whereas, these increases, as well as further and additional increases, are now in effect and will remain in effect during the year 1920.

7. For the twelve months ending October 31, 1919, statistics compiled reflecting Federal operations (See Exhibit "F") for the 31 Class I roads, 34 Class II roads, 49 Class III roads, and 28 switching and terminal companies in the Southern Group, constituting approximately 38,900 miles out of a total of 43,000 miles (total mileage in the group), show the following results:

Total operating revenues	$577,635,493
Total operating expenses	504,212,747
leaving	
Net operating revenue	73,422,746

After deducting railway tax accruals, uncollectible revenue and adjusting equipment and joint facility rents, the net railway operating income for the twelve months ending October 31, 1919, was $51,208,428.

When the actual results for the twelve months ending October 31, 1919, are revised to reflect adjustments in revenue and expenses now in effect, but not in effect throughout the twelve months period, so as to adjust the results of that period to present-day conditions, the final result is to reduce the net railway operating income from $51,208,428 to $16,269,429, as will appear from Exhibit "C" hereinafter referred to.

8. For the year ending October 31, 1919, the property investment represented by the book cost of road and equipment and materials and supplies for railways and switching and terminal companies in the Southern Group (exclusive of the St. Louis-San Francisco Railway) referred to in Paragraph 7 hereof, was $2,283,990,948. Exhibit "A" hereinafter referred to shows that the sum of $137,039,457 is required to pay 6% on this property investment, as contrasted with the net railway operating income for the year ending October 31, 1919, after making final adjustments to reflect present conditions, namely $16,269,429. This deficit amounts to $120,770,028.

9. It is apparent, therefore, that if the needed increase in revenue is to be derived from increases in freight rates and charges, then the same (both interstate and intrastate) must be advanced 30.951% to produce the sum of $120,770,028, the difference between adjusted net operating income for the constructive year ending October 31, 1919, and 6% on the value of the property.

10. If the increase needed were applied to:

Total operating revenues, the percentage would be	20.759
Freight revenue alone	30.951

By the term "net railway operating income, adjusted" is meant that to the net railway operating income of the railroads in this group, as reported to the Interstate Commerce Commission, there was added or deducted an amount sufficient to make a constructive year at current rates of pay and prices of important ma-

terials, and there were deducted therefrom items included in the returns which applied to a period other than the year above stated.

11. The attention of the Commission is called to the fact that under the Transportation Act, it is discretionary with the Commission whether rates shall be so adjusted as to yield 5½% or 6% upon the aggregate value of the property of the carriers held for and used in the service of transportation. At the present time the carriers find themselves unable to secure available capital at a rate of interest less than 7½%. This rate of interest is charged even to railroad companies having good credit and offering sound collateral as security. It is evident, therefore, that the Commission, at the present time and under the present conditions, should exercise its discretion so as to provide a basis of rates which will yield as much as 6% upon the value of the property. Anything less than this will certainly not strengthen the credit of the carriers or permit them to secure sufficient capital to carry on the business of transportation in an adequate or effective way. A rate basis which yields less than 6% upon the value of property will not give due consideration to the transportation needs of the country, and the necessity under honest, efficient and economical management, of enlarging the carriers' facilities, so as to provide the people of the United States with adequate transportation. The carriers ask, therefore, that at least 6% be adopted at this time by the Commission as a basis of return, as permitted by the Transportation Act.

12. The carriers have used their property investment

account as representing, for the purposes of this proceeding, the aggregate value of property of the carriers in the Southern Group held for and used in the service of transportation. No other basis is at the present time available. This property investment account basis is believed to be substantially less than the aggregate value of the property in the Southern Group, and in the consideration of the present problem this basis should be taken as the minimum representing the lowest value which can fairly be used for the purpose of establishing a rate basis to meet the present emergency.

13. The carriers have given consideration to what appears to them to be the best and promptest method, through the medium of increasing rates for transportation, of increasing their revenue and of meeting financial necessities essential in the public interest to be provided for. It does not appear to them, at this time, practicable to increase the passenger rates, and they have, therefore, concluded to recommend to the Commission that the needed additions to their revenue be obtained by increasing the rates for freight transportation. It is evident that the total interstate and intrastate freight revenue must be increased by an amount which will represent 30.951% of the total freight revenue. It is believed, however, that the least disturbance in the distribution of traffic will result by giving special treatment to car-load commodity rates on:

Coal and Coke;
Cement, Cement Plaster and Plaster;
Building Lime;

Sand, gravel, chert, crude clay, slag, shale, crushed, ground, and broken stone;

so that such rates may be increased in specific amounts according to the following table:

COAL AND COKE:

Rates	less	than	$1.00	to be increased	30c.	per	ton	of	2,000	lbs.,
"	ranging	from	1.00 to $1.59	" "	"	45c.	"	"	2,000	"
"	"	"	1.60 to 2.29	" "	"	60c.	"	"	2,000	"
"	"	"	2.30 to 3.40	" "	"	75c.	"	"	2,000	"
"	of		3.50 and over	" "	"	90c.	"	"	2,000	"

The amount of increase from the base group of any District to be the amount of increase from related groups in the same District.

CEMENT, CEMENT PLASTER AND PLASTER:

Rates	less	than	$2.00	to be increased	50c.	per	ton	of	2,000	lbs.,
"	ranging	from	2.00 to $3.99	" "	"	90c.	"	"	2,000	"
"	"	"	4.00 to 5.99	" "	"	$1.40	"	"	2,000	"

If, in the judgment of the Commission, these commodities should be subjected to a blanket increase, it is the opinion of your petitioners that a blanket increase of 90c. per ton of 2,000 lbs. will be necessary to yield on these commodities the percentage of increase recommended on other traffic.

BUILDING LIME:

Rates	less	than	$2.00	to be increased	35c.	per	ton	of	2,000	lbs.,
"	ranging	from	2.00 to $3.99	" "	"	70c.	"	"	2,000	"
"	"	"	4.00 to 5.99	" "	"	$1.00	"	"	2,000	"

If, in the judgment of the Commission, this commodity should be subjected to a blanket increase, it is the opinion of your petitioners that a blanket increase of 70c. per ton of 2,000 lbs. will be necessary to yield on this commodity the percentage of increase recommended on other traffic.

SAND, GRAVEL, CHERT, CRUDE CLAY, SLAG, SHALE, CRUSHED, GROUND, AND BROKEN STONE:

Rates	less	than	75c.	to be increased	25c.	per	ton	of	2,000	lbs.,
"	ranging	from	75c. to 99c.	" "	"	30c.	"	"	2,000	"
"	"	"	$1.00 to $1.49	" "	"	40c.	"	"	2,000	"
"	"	"	1.50 to 1.99	" "	"	50c.	"	"	2,000	"
Any rates of			2.00 and over	" "	"	31 per cent.				

All other freight transportation rates, class and commodity, are recommended to be increased 31%.

14. To meet the existing emergency and enable the carriers to publish and make effective as promptly as possible the increases sought, or which may ultimately be allowed, it will be necessary for them to use special or blanket supplements carrying the percentage of other increases imposed.

They, therefore, now request the Commission to waive temporarily the provisions of its rules governing the publication and filing of rate schedules insofar as may be necessary or appropriate to permit the filing in simplified form of schedules making effective the percentage or specific increases in all rates, and charges herein sought, or such increases as the Commission may finally aprove in these proceedings, by means of blanket or special supplements to the tariffs to provide for cancellations, minimum charges and increases in rates and charges by the percentages or amounts sought in this petition, or, which may hereafter be fixed, allowed or approved by the Commission in these proceedings.

To accomplish this and make effective the filing of schedules providing for the percentage increase in rates and charges and the specific increases upon certain designated commodities herein requested, it will be necessary for petitioners to have and be accorded relief generally similar to that authorized by Special Permissions No. 45950 under date of May 27th, 1918.

If this is permitted, the carriers will undertake with the utmost expedition, to substitute for these blanket or special supplements, tariffs in the ordinary form which will comply with the Commission's tariff rules and regulations.

15. For the same purposes and to the end that the advances herein sought or such as may be finally approved by the Commission may be made effective as expeditiously as possible, your petitioners respectfully request that an order be entered at the proper time by the Commission, modifying any and all of its outstanding and unexpired orders to the extent necessary as was done by the order of the Commission entered on May 27th, 1918, upon the application of the Director General of Railroads for the purpose of permitting the rates initiated in General Order 28 to be made effective.

16. Attached to this application will be found a *statement,* setting forth additional reasons why the increase in revenue herein sought should be granted, which statement is marked "Statement No. 1" and is asked to be made a part of this application as fully as if written herein.

17. Attached to this application are exhibits, consisting of certain tables and statistical data, marked "Exhibits A to H" inclusive which are asked to be taken as a part of this application.

18. The Exhibits above referred to include: a memorandum "Exhibit D" showing all the Class I roads and a memorandum "Exhibit E" showing all Class II, III

and switching and terminal companies in Southern Classification Territory for which data has been compiled as set forth in "Exhibit A." But it is to be understood that this application is filed on behalf of all the carriers engaged in the transportation of freight and passengers operating in the Southern Classification Territory. The statistical data, however, which the Commission is asked to consider, was compiled only with reference to the roads shown in Exhibits D and E, it being impossible to ascertain the necessary information in regard to certain Class II and III roads. It is not believed, however, that the results would be materially different if all the Class II and III roads and all switchinig roads were included.

19. In view of the present situation as disclosed in this application, and the accompanying exhibits, as well as further and additional facts and information which the carriers will be prepared to present when given an opportunity to do so, the Commission is respectfully requested to give consideration to the situation in which the carriers now find themselves, to take cognizance of the present existing emergency and to establish or authorize rates so that the carriers in this rate group or territory will earn an aggregate annual net railway operating income equal as nearly as may be, to a return of 6 per cent upon the aggregate value of the railway property of these carriers held for and used in the service of transportation. To this end, the carriers offer to present such further additional information and lay before the Commission such additional facts as the Commission may suggest or require.

20. At the conclusion of the Commission's consideration of this matter, the carriers respectfully ask that rates be so adjusted as to yield to the carriers not less than six per cent upon the value of their property, through the advances herein requested, or in such manner and form as to the Commission may seem right and proper.

21. In conclusion, the carriers desire specially to emphasize the need for the proposed increase in rates to the end that they may not be deprived of needed revenue at a time when a grave emergency exists, and when it is necessary that the credit of the carriers be firmly established, so that needed capital may be secured and the country be furnished with adequate transportation service.

Respectfully submitted,

C. H. MARKHAM,

Chairman Sub-committee of General Committee Southern Classification Territory.

STATEMENT No. 1.

STATEMENT No. 1.

Statement of Carriers of the Southern District.

The Southern Group of railroads includes railroads located in what is generally known as Southern Classification Territory, more definitely described in Section No. 3 of the accompanying application.

The Southern Group of railroads comprises—

31	Class I railroads	(railroads whose operating revenues for the year are above $1,000,000).
57	Class II "	(railroads whose operating revenues for the year are from $100,000 to $1,000,000).
132	Class III "	(railroads whose operating revenues for the year are less than $100,000).
35	Switching and terminal railroads	(of varying mileage and earnings).

The Southern Group comprises a total main line mileage of approximately 35,000 miles of class I railroads and 8,000 miles of classes II, III and switching and terminal railroads.

Statistical information hereinafter used represents all of the class I railroads, and in round figures, 2,760 miles of class II, 1,010 miles of class III, and 130 miles of switching and terminal railroads—or, in other words, approximately 38,900 miles out of a total of 43,000 miles. Information has not been obtainable from the

railroads representing the missing mileage.

Under the Transportation Act of 1920, Section 15 of the Act to Regulate Commerce is amended to read as follows:

> "In the exercise of its power to prescribe just and reasonable rates the Commission shall initiate, modify, establish or adjust such rates so that carriers as a whole (or as a whole in each of such rate groups or territories as the Commission may from time to time designate) will, under honest, efficient and economical management and reasonable expenditures for maintenance of way, structures and equipment, earn an aggregate annual net railway operating income, equal, as nearly as may be, to a fair return upon the aggregate value of the railway property of such carriers held for and used in the service of transportation; *Provided,* That the Commission shall have reasonable latitude to modify or adjust any particular rate which it may find to be unjust or unreasonable, and to prescribe different rates for different sections of the country.
>
> "The Commission shall from time to time determine and make public what percentage of such aggregate property value constitutes a fair return thereon and such percentage shall be uniform for all rate groups or territories which may be designated by the Commission. In making such determination, it shall give due consideration, among other things, to the transportation needs of the country and the necessity (under honest, efficient and economical management of existing transportation facilities) of enlarging such facilities in order to provide the people of the United States with adequate transportation: *Provided,* That during the two years beginning March 1, 1920, the Commission shall take as such

fair return a sum equal to 5½ per centum of such aggregate value, but may, in its discretion, add thereto a sum not exceeding one-half of one percentum of such aggregate value to make provision in whole or in part for improvements, betterments or equipment, which, according to the accounting system prescribed by the Commission, are chargeable to capital account."

The nation's present and growing business, the settlement of new agricultural sections, and the development of its mineral resources require more locomotives and cars, enlarged and improved terminals, the building of new lines of railway, the addition of second tracks and other facilities. Funds for the purchase of additional equipment and for the construction of additional lines and facilities can be obtained only through the sale of securities. Railroad securities cannot, to an adequate extent, be sold on a basis that is not prohibitory until there is a rehabilitation of the credit of railroads. There is no longer a foreign market for American railroad securities. Today this security finds practically its only market at home, where it must be sold in competition with industrial stocks and bonds yielding high rates of return and in competition with United States Victory Loan and other bonds, some of which are now selling on a 6% basis. That the rehabilitation of railroad credit will not result if the Commission should allow less than a return of 6% of the aggregate value of the railroads in each of the several groups, is evidenced by the fact that since the passage of the Transportation Act in February 1920, railroads which, prior to the war, were rated among the most prosperous of the country have been unable to sell securities on a basis of less than 7½%.

Exhibit "A" attached is a summary of reports from 31 Class I railroads, 34 Class II railroads, 49 Class III railroads and 28 switching and terminal companies for the year ended October 31, 1919. It will be noted from this summary that the aggregate property investment of the reporting carriers is $2,283,990,948; that the adjusted net railway operating income is $16,269,429, or $120,770,028 less than the amount necessary to yield a return of 6% of the aggregate property value. By the terms "adjusted net railway operating income" is meant that to the net railway operating income of these railroads as reported to the Interstate Commerce Commission was added or deducted an amount sufficient to make a constructive year at the rates of pay and prices of important materials in effect as of October 31st, 1919, and there were deducted therefrom all items included in the returns which applied to another period. To illustrate: In the months of November and December, 1918, on some railroads there was included an estimated amount for back pay applying to earlier months of the year and such amounts as affected the period prior to November 1, 1918, were eliminated from the statement. Similarly there were wage adjustments effective in May, 1919, and later months of the year which were included in the statement in order to make such wage adjustments cover the entire year from November 1, 1918. Adjustments were also made so that the cost of important materials used during the year was included in the statement at as nearly as possible the prices in effect on October 31, 1919. There was added to the constructive year so arrived at an estimated amount to cover wage increases in connection with the orders issued by the United States Railroad Administration

during the month of January, 1920, particularly the increased pay to trainmen, maintenance of way employes and clerks. There was likewise added an estimate of the increase which will be paid for fuel under the provisions of the recent order increasing the pay of coal miners. There was an allowance made for the estimated amount to be received by the railroads in Southern Classification Territory as additional mail pay for the coming year.

This exhibit also contains a further summary of reports from the same railroads for the same year, showing the total operating revenues, and separately, revenues from freight, passenger and express traffic. This statement shows the percentage increases which are needed to provide revenue sufficient to yield a return of 6% of the aggregate property value. It will be noted that if the deficit of $120,770,028 is to be obtained from freight transportation alone, freight revenue must be increased 30.951 (31) per cent, and that if obtained from all sources, such revenue must be increased 20.759 per cent.

Materials and supplies, particularly fuel, cross ties, lumber, iron and steel, used for maintenance and in operation are generally higher at current prices than in 1919. Prices of all classes of equipment have likewise advanced materially. Therefore, a consideration of the results for the year 1919 is not truly indicative of the increase in operating expenses now confronting the carriers. However, comparing the actual results for the calendar year 1919, shown on Exhibit "B," with those for the year 1916 for class I roads in the Southern group it will be found that while total railway operating revenues increased $234,656,887, or 58.87%, operating expenses increased $294,492,274, or 110.88%, and net railway operating income *decreased* $76,026,522, or 62.88%; and that while the operating ratio for 1916 was 66.63%, for 1919 it was 88.44%. Furthermore, the net railway operating income was equal to only 1.88% of the property investment as of October 31, 1919. If the actual figures be restated so as to reflect current conditions there would be no appreciable, if any, return, upon the value of the property devoted to public use.

These computations make no provision or allowance for

a—Wage demands which may result in increases in addition to those already effective.

b—Possible adjustment in contractual relations with Pullman and Express Companies.

c—Under-maintenance which may have occasioned an under-statement of expenses for the year 1919.

d—Increases in the cost of materials and supplies (other than coal) subsequent to October 31, 1919.

EXHIBITS A TO H.

Prepared by
BUREAU OF RAILWAY ECONOMICS
Washington, D. C.
May 3, 1920.

Exhibit A

6% Basis

SOUTHERN DISTRICT

Railways of Class I, II and III, and Switching & Terminal Companies, 142 Roads and Systems reporting, operating average mileage of 88,901.15.

Summary of Results for Year ended October 31, 1919, as shown by Questionnaire.

Property Investment	$2,283,990,948
6% on property investment	137,039,457
Net Railway Operating Income—adjusted	16,269,429
Deficit under 6%	120,770,028

Total Operating Revenues—Finally adjusted	$581,768,519	
Freight Revenue	*390,199,595	
Passenger Revenue	149,132,003	
Express Revenue	12,749,147	

Increase needed applied to:

Total Operating Revenues	20.759%
Freight, Passenger and Express Revenue	21.875
Freight and Express Revenue	29.972
Freight Revenue only	30.951

NOTE: The foregoing computations make no provision or allowance for the following:

(a) Possible increases in wages in addition to those already effective.

(b) Possible adjustment of contractual relations with Pullman Company and American Railway Express Company.

(c) Under-maintenance which may have occasioned an under-statement of expenses for 1919.

(d) Increases in cost of material and supplies (other than coal) subsequent to October 31, 1919.

*Includes switching revenue of Switching & Terminal companies.

Note: Does not include the St. Louis-San Francisco Ry. Memphis-Birmingham Line.

Exhibit B
SOUTHERN DISTRICT
Class I Roads Including the entire Illinois Central System

Item	Calendar Year 1916	Calendar Year 1917	Calendar Year 1919	Per cent of increase 1919 over 1916
Average Miles Operated	37,414.97	37,418.52	38,093.51	
Class I Operating Companies				
Investment in Road and Equipment	1,747,402,552	1,813,927,874		
Impvts. on Leased Ry. Property	23,766,493	27,726,472		
Materials and Supplies	37,457,914	59,133,257		
Non-Operating Subs. of Class I Roads				
Investment in Road and Equipment	253,372,132	257,274,430		
Impvts. on Leased Ry. Property	961	961		
Materials and Supplies	20,236	16,848		
Total Property Investment	2,062,020,288	2,158,079,842	a2,383,458,444	15.59
Freight Revenue	283,033,158	321,722,599	427,322,775	50.98
Passenger Revenue	83,406,334	107,748,027	161,298,031	93.39
Mail Revenue	7,270,795	7,900,790	7,425,291	
Express Revenue	11,284,943	12,441,894	14,991,729	
All Other Transp. Revenue	13,624,896	16,286,354	22,239,187	
Total Ry. Oper. Revenues	398,620,126	466,099,664	633,277,013	58.87
Maintenance of Way & Struc.	49,937,413	53,845,255	108,923,278	
Maintenance of Equipment	70,849,728	84,341,012	151,679,623	
Traffic Expenses	10,180,329	10,477,379	8,410,234	
Transportation Expenses	122,901,289	160,504,606	272,077,349	
General Expenses	10,814,450	11,751,243	16,170,964	
All Other	920,129	1,178,577	2,834,164	
Total Ry. Operating Ex.	265,603,338	322,098,072	560,095,612	110.88
Operating Ratio—Per cent	66.63	69.10	88.44	32.73
Net Rev. from Ry. Operations	133,016,788	144,001,592	73,181,401	d 44.98
Railway Tax Accruals	17,679,394	26,654,904	b 26,130,685	
Uncollectible Ry. Revenues	146,650	107,428	188,273	
Railway Operating Income	115,190,744	117,239,260	46,862,443	d 59.32
Hire of Equipment—Net	Cr 6,863,988	Cr 11,114,652	Dr 441,894	
Joint Facility Rents—Net	Dr 1,151,391	Dr 1,120,934	Dr 1,543,730	
Net Ry. Operating Income	120,903,341	127,232,978	44,876,819	d 62.88
Rate of Return on Property Investment	5.86	5.90	1.88	
Revenue Ton Miles	36,501,823,723	42,825,200,670	41,527,854,002	13.77
Revenue Passenger Miles	3,907,590,942	4,943,709,948	5,918,421,277	51.46

a Property Investment as of October 31, 1919.
b Includes $2,908,524 estimated War Taxes.
d Decrease.
Note: Does not include the St. Louis-San Francisco Ry. Memphis-Birmingham Line.

Exhibit C
SOUTHERN DISTRICT
Summary of Railways of Class I, II and III, and Switching and Terminal Companies

Item	Constructive year ended Oct. 31, 1919	Effect of further adjust. developed subsequent to Oct. 31, 1919	Constructive year—final
Total operating revenues	$578,096,578		
Estimated Mail Pay Increase		Cr $3,671,941	
Total			$581,768,519
Total operating expenses	518,170,719		
Increased Rates of Pay:			
Trainmen		Dr 3,759,359*	
Maint. of Way Employees & Clks.		Dr 3,375,000*	
Increased cost of fuel $4,960,000 plus freight charge incr. of $2,860,000		Dr 7,820,000	
Total adjustments		Dr 14,954,359	
Total			533,125,078
Net operating revenue	59,925,859	Dr 11,282,418	48,643,441
Railway tax accruals	20,952,615		
Estimated tax on increased income		Dr 4,000,000	
Total			24,952,615
Uncollectible railway revenues	160,432		160,432
Equipment rents—Net	Dr 1,587,956		
Increased allowance for privately owned refrigerator cars		Dr 1,145,393	
Total			Dr 2,733,349
Joint facility rents—Net	Dr 481,782		Dr 481,782
Net of above items—(Exhibit F)	36,743,074	Dr 16,427,811	20,315,263
Items affecting railway operating income 1919 carried in corporate accounts—Net debit—(Exhibit G)	Dr 4,045,834		Dr 4,045,834
Adjusted net railway operating income	32,697,240	Dr 16,427,811	16,269,429

*Includes estimate for Illinois Central Lines north of Cairo, Illinois.
Note: Does not include the St. Louis-San Francisco Ry. Memphis-Birmingham Line.

Exhibit D

SOUTHERN DISTRICT

Class I Roads included in Tabulation of Questionnaire

Road	Average Miles operated Oct. 31, 1919
Alabama & Vicksburg	141.49
Alabama Great Southern	312.41
Atlanta & West Point	93.19
Atlanta, Birmingham & Atlantic	639.88
Atlantic Coast Line	4,860.00
Carolina, Clinchfield & Ohio	291.01
Carolina, Clinchfield & Ohio of S. C.	
Central of Georgia	1,918.29
Charleston & Western Carolina	342.50
Cincinnati, New Orleans & Texas Pacific	337.27
Florida East Coast	764.65
Georgia Railroad	328.90
Georgia & Florida	348.10
Georgia, Southern & Florida	402.50
Gulf & Ship Island	307.56
Gulf, Mobile & Northern	428.00
Illinois Central—Lines South of Cairo	1,726.00
Chicago, Memphis & Gulf	
Batesville Southwestern	
Louisville & Nashville	5,013.35
Louisville, Henderson & St. Louis	199.80
Mississippi Central	164.00
Mobile & Ohio	995.55
Nashville, Chattanooga & St. Louis	1,247.03
New Orleans & Northeastern	203.73
New Orleans Great Northern	284.60
Norfolk Southern	906.93
Northern Alabama	112.50
Seaboard Air Line	3,563.21
Southern Railway	6,982.87
Southern Ry. in Mississippi	278.37
Tennessee Central	293.00
Western Ry. of Alabama	133.42
Yazoo & Mississippi Valley	1,381.61
Total—31 roads or systems	35,001.72

Exhibit E

SOUTHERN DISTRICT

Class II Roads included in Tabulation of Questionnaire.

Road	Average Miles operated Oct. 31, 1919
Class II Roads:	
Atlanta & St. Andrews Bay	84.64
Atlanta & Yadkin	163.10
Augusta Southern	82.93
Birmingham & Southeastern	48.20
Blue Ridge Ry.	44.00
Carolina & Northwestern	133.50
Charlotte Harbor & Northern	112.68
Danville & Western	80.78
Eastern Tennessee & Western N. Carolina	36.00
Fernwood & Gulf	33.00
Georgia, Florida & Alabama	192.86
Georgia Northern	67.78
Georgia, Southwestern & Gulf	35.39
Harriman & Northeastern	19.70
Hawkinsville & Florida Southern	96.00
High Point, Randleman, Ash. & Southern	27.98
Interstate R. R.	55.79
Kanawha, Glen Jean & Eastern	14.20
Kentucky & Tennessee	16.27
Kentwood & Eastern	50.78
Macon & Birmingham	104.83
Macon, Dublin & Savannah	92.90
Northwestern R. R. of South Carolina	80.00
Ocilla Southern	69.60
Pearl River Valley	18.50
Seaboard Air Line—Subsidiaries:	350.66
Charlotte, Monroe & Columbia	
Chesterfield & Lancaster	
East & West Coast	
Marion & Southern	
Raleigh & Charleston	
Standard & Hernando	
Tampa & Gulf Coast	
Tampa Northern	
South Georgia	81.60
Tallulah Falls	58.00
Tennessee, Alabama & Georgia	99.01
Virginia & Carolina Southern	64.70
Wadley Southern	88.74
Winston-Salem Southbound	101.00
Wrightsville & Tennille	103.60
Yadkin R. R.	52.23
Total—34 roads	2,760.95

Exhibit E (continued)
SOUTHERN DISTRICT
Class III Roads included in Tabulation of Questionnaire.

Road	Average Miles operated Oct. 31, 1919
Class III Roads:	
Alabama Central R. R.	13.00
Alabama Northern	7.10
Alcolu R. R.	29.00
Asheville & Craggy Mountain	4.44
Atlantic & Western	24.00
Birmingham, Selma & Mobile	13.00
Campbells Creek	13.82
Carolina R. R.	15.00
Carolina & Tennessee Southern	13.90
Carrollton & Worthville	10.00
Chesapeake Western	40.57
Cincin., Burnside & Cumberland River	1.63
Cincin., Flemingsburg & Southeastern	5.60
Cumberland & Manchester	25.59
Cumberland R. R.	12.90
DeKalb & Western	16.00
Eastern Kentucky Ry.	39.05
Elberton & Eastern	35.80
Flint River & Northeastern	23.23
Frankfort & Cincinnati	40.00
Gainesville & Northwestern	37.00
Garyville Northern	35.30
Greene County R. R. (of Ga.)	19.69
Hartwell Ry.	10.10
Kentucky Midland	7.00
Kentwood, Greensburg & Southwestern	14.20
Kinston Carolina	30.00
Kosciusko & Southeastern	16.30
Lawndale Ry. & Industrial Co.	12.00
Lawrenceville Branch	9.61
Linville River Ry.	34.00
Little River R. R.	11.00
Louisville & Wadley	10.00
Madison Southern	6.70
Mammoth Cave R. R.	8.70
Meridian & Memphis	33.40
Morehead & North Fork	25.00
Morgan & Fentress	23.00
New Orleans, Natalbany & Natchez	28.20
Oneida & Western	25.00
Potomac, Fredericksburg & Piedmont	37.60
Randolph & Cumberland	23.00
Sumter & Choctaw	22.66
Sylvania Central	14.65
Tavares & Gulf	37.34
Union Point & White Plains	13.64
Virginia Blue Ridge	20.65
Washington & Lincolnton	19.75
Washington & Vandemere	41.00
Total—49 roads	1,010.12

Exhibit E (concluded)
SOUTHERN DISTRICT
Switching & Terminal Companies included in Tabulation of Questionnaire

Road	Average Miles operated Oct. 31, 1919
S. & T. Companies:	
Albany Passenger Terminal Co.	1.69
Ashland Coal & Iron Ry.	26.00
Atlanta Terminal Co.	3.86
Augusta & Summerville R. R.	2.91
Augusta Union Station Co.	0.54
Birmingham Southern R. R.	29.84
Birmingham Terminal Co.	.....
Central Transfer Ry. & Storage Co.	.....
Charleston Terminal Co.	1.77
Chattanooga Station Co.	.....
Columbia Union Station Co.	.....
Durham Union Station Co.	.....
Gulf Terminal Co.	.....
Jacksonville Terminal	.....
Kentucky & Indiana Terminal R. R.	8.28
Lexington Union Station Co.	.....
Louisville & Nashville Terminal	.....
Macon Terminal	3.60
Meridian Terminal Co.	.....
Natchez & Southern Ry.	2.73
New Orleans Terminal Co.	.....
Norfolk & Portsmouth Belt Line R. R.	27.28
Norfolk Terminal Ry.	2.42
North Charleston Terminal	.....
St. Johns River Terminal Co.	.....
Savannah Union Station Co.	.....
Union Ry. Co. (Memphis, Tenn.)	17.44
Woodstock & Blocton Ry.	.....
Total—28 roads	128.36

RECAPITULATION

31 Class I roads or systems	35,001.72
34 Class II roads	2,760.95
49 Class III roads	1,010.12
28 Switching & Terminal Companies	128.36
Total—142 roads or systems	38,901.15

Exhibit F

SOUTHERN DISTRICT

Summary of Railways of Class I, II and III, and Switching & Terminal Companies. Railway Operating Revenues, Operating Expenses and Net Railway Operating Income for the Year Ended October 31, 1919, and Adjustments Necessary Fully to Reflect Present Rates and Expenses on a Full Year's Basis.

Item	A	B			C
	Year Ended Oct. 31, 1919	Adjustments			Constructive Year A plus or minus B
		(1)		(2)	
1. Operating Revenue:					
2. Freight (Accts. 101 & 121) (b)	$389,820,619		Cr	$378,976	$390,199,595
3. Passenger (Accts. 102 and 122)	149,060,170		Cr	71,833	149,132,003
4. Mail (Accts. 106 and 125)	6,764,704		Cr	52,684	6,817,388
5. Express (Accts. 107 and 126)	12,644,615		Cr	104,532	12,749,147
6. All other Revenue (all other revenue accts.)	19,345,385		Dr	146,940	19,198,445
7. TOTAL Operating Revenue (Acct. 501)	577,635,493		Cr	461,085	578,096,578
8. Operating Expenses:					
9. Maintenance of Way and Structures (Accts. 201 to 279)	97,090,430	Labor	Dr	177,577	102,317,915
		Material	Dr	5,049,908	
		Total	Dr	5,227,485	
10. Maintenance of Equipment (Accts. 301 to 337)	135,066,687	Labor	Dr	760,154	139,738,016
		Material	Dr	3,911,175	
		Total	Dr	4,671,329	
11. Traffic (Accts. 351 to 359)	7,589,661	Labor	Dr	723,895	8,764,002
		Material	Dr	450,446	
		Total	Dr	1,174,341	
12. Transportation (Accts. 371 to 420 and 431 to 433)	246,697,813	Labor	Dr	383,645	249,214,057
		Material	Dr	2,132,599	
		Total	Dr	2,516,244	
13. General (Accts. 451 to 462)	16,322,094	Labor	Dr	166,740	16,566,212
		Material	Dr	77,378	
		Total	Dr	244,118	
14. All other expenses (all other opr. exp. accts.)	1,446,062	Labor	Dr	6,706	1,570,517
		Material	Dr	117,749	
		Total	Dr	124,455	
15. TOTAL Operating Expenses (Acct. 531)	504,212,747	(a)	Dr	13,957,972	518,170,719
16. Net Revenue from Railway operations (Item 7 less Item 15)	73,422,746		Dr	13,496,887	59,925,859
17. Railway Tax Accruals (Acct. 532)	20,145,232		Dr	807,383	20,952,615
18. Uncollectible Railway Revenues (Acct. 533)	161,060		Cr	628	160,432
19. Railway Operating Income (Item 16 less Items 17 and 18)	53,116,454		Dr	14,303,642	38,812,812
20. Equipment Rents (Accts. 503 to 507 & 536 to 540)—Net	Dr 1,587,956				Dr 1,587,956
21. Joint Facility Rents (Accts. 508 and 541)—Net	Dr 320,070		Dr	161,712	Dr 481,782
22. Net of Items 19-20 and 21	51,208,428		Dr	14,465,354	36,743,074
23. Average miles of road operated	38,901.15		Cr	39.00	38,940.15

(a) Labor Dr 2,218,717
Mat'l Dr 11,739,255
Total Dr 13,957,972

(b) Includes switching revenue of Switching & Terminal Companies.

Note: Does not include the St. Louis-San Francisco Ry. Memphis-Birmingham Line.

Exhibit G

Corporate Report

SOUTHERN DISTRICT

Summary of Railways of Class I, II and III, and Switching & Terminal Companies. Items of Corporate Income and Corporate Charges Affecting Net Railway Operating Income.

Item	A	B		C
	Year Ended Oct. 31, 1919	Adjustments		Constructive Year A plus or minus B
		(1)	(2)	
1. Miscellaneous Rents—Credit	$968,035	ded	$92,931	$875,104
2. Rent from Lease of Road*	1,278,423	ded	25	1,278,398
3.				
4. Other Items	Dr 1,146			Dr 1,146
5. Total Credits	2,245,312	ded	92,956	2,152,356
6. Miscellaneous Rents—Debit	357,899	add	4,376	362,275
7. War Taxes	3,454,445	ded	507,076	2,947,369
8. Corporate Expenses	1,981,645	add	18,869	2,000,514
9. Rent of Leased Roads	1,007,509	ded	119,554	887,955
10.				
11. Other Charges	77			77
12. Total Debits	6,801,575	ded	603,385	6,198,190
13. Net Debit or Credit—Corporate	Dr 4,556,263		Cr 510,429	Dr 4,045,834
14. Amount Shown on Line 22, Column C, Exhibit F	51,208,428		Dr 14,465,354	36,743,074
15. Adjusted Net Railway Operating Income	46,652,165		Dr 13,954,925	32,697,240

*Does not include Government compensation.

Note: Does not include the St. Louis-San Francisco Ry. Memphis-Birmingham Line.

Exhibit H

SOUTHERN DISTRICT

Summary of Railways of Class I, II and III, and Switching & Terminal Companies.

PROPERTY INVESTMENT

(Including subsidiaries, the income of which is included in the operating income of the reporting carriers, Exhibit F)

OWNER CORPORATION	Miles of road owned December 31, 1917	Property investment accounts Dec. 31, 1917			Additions and betterments to property Jan. 1, 1918, to Oct. 31, 1919 (excluding allocated equipment)			
		Account 701 Investment in road and equipment	Account 702 Improvements on leased railway property	Total	Miles of road owned October 31, 1919	Expenditures by Director General	Expenditures by corporation	Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Total	36,917.11	2,080,828,306	21,947,267	2,102,775,573	37,180.52	62,566,147	13,516,370	76,082,517

Total property investment (column (e)), Dec. 31, 1917	$2,102,775,573
Additions and betterments (column (i)), Jan. 1, 1918, to Oct. 31, 1919	76,082,517
Estimated cost of Government allocated equipment	42,095,384
Book value of material and supplies at Oct. 31, 1919	63,037,474
Total property investment Oct. 31, 1919	$2,283,990,948

Accrued Depreciation Oct. 31, 1919.

	Account 775 Road	Account 776 Equipment	Total
On Federal books	$ 901,109	16,850,026	17,751,135
On corporate books, not including above	17,239,407	94,273,720	111,513,127
Total	$18,140,516	111,123,746	129,264,262

Property retired and not replaced not credited to investment accounts $270,133

Note: Does not include the St. Louis-San Francisco Ry. Memphis-Birmingham Line.

END OF
TITLE